



13 February 2017

Contact Energy launches public bond offer

Please find attached the following documents relating Contact Energy Limited's (Contact) public bond offer.

- (a) Contact Energy launches public bond offer
- (b) Cleansing Notice for issue of bonds
- (c) Retail Bond Terms Sheet
- (d) Retail Bond Investor Presentation

ENDS

13 February 2017

Contact Energy launches public bond offer

Contact Energy Limited ("**Contact**") announced today that it has opened an offer of up to \$75 million of unsecured, unsubordinated fixed rate bonds ("**Bonds**") to institutional investors and New Zealand retail investors, with the ability to accept up to a further \$25 million in oversubscriptions. The proceeds from the issue of the Bonds will be used for the refinancing of a \$100m bond maturing on 13 April 2017 and for general corporate purposes.

The offer will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The notice required by the Financial Markets Conduct Regulations 2014 has been provided to NZX.

The full details of the offer are contained in the terms sheet, a copy of which is also attached.

The Bonds have a maturity date of 15 November 2022 and are expected to be quoted on the NZX Debt Market. They have an investment grade issue credit rating of BBB from Standard & Poor's. Contact's current corporate credit rating from Standard & Poor's is BBB (stable).

The indicative issue margin range is 1.50% - 1.65% p.a. The issue margin and interest rate for the Bonds will be set following a bookbuild process on 17 February 2017 and announced via NZX shortly thereafter. The offer will close on 17 February 2017 following the bookbuild process, with the Bonds expected to be issued on 23 February 2017.

Investors interested in the offer should contact Forsyth Barr Limited or Westpac Banking Corporation (acting through its New Zealand branch) (the Joint Lead Managers), Deutsche Craigs Limited (the Co-Manager) or their usual financial advisor to obtain details of how Bonds may be acquired. There will be no public pool for the Bonds.

Joint Lead Managers

Forsyth Barr Limited



Phone 0800 367 227

Westpac Banking Corporation

(ABN 33 007 457 141) (acting through its New Zealand branch)



Institutional Bank

Phone 0800 942 822

Co-Manager

Deutsche Craigs Limited



Phone 0800 226 263

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For further information please contact:

Louise Tong

Head of Treasury and Tax

021 444 224

Contact Energy Limited

PO Box 10742
Wellington 6143

Level 2, Harbour City Tower
29 Brandon Street
Wellington

Phone +64 4 499 4001
Fax +64 4 499 4003



13 February 2017

Notice pursuant to clause 20(1)(a) of Schedule 8 to the Financial Markets Conduct Regulations 2014

Contact Energy Limited ("**Contact**") gives notice under clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014 ("**Regulations**") that it proposes to make an offer for the issue of fixed rate bonds due 15 November 2022 ("**New Bonds**") in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The main terms of the offer and the New Bonds are set out in the attached Terms Sheet. Except for the interest rate and maturity date, the New Bonds will have identical rights, privileges, limitations and conditions as Contact's:

1. fixed rate bonds maturing on 15 May 2019 which are quoted on the NZX Debt Market under the ticker code CEN020; and
2. fixed rate bonds maturing on 15 November 2021 which are quoted on the NZX Debt Market under the ticker code CEN030,

(together, the "**Quoted Bonds**") and therefore are of the same class as the Quoted Bonds for the purposes of the FMCA and the Regulations. The Quoted Bonds have been continuously quoted on the NZX Debt Market over the preceding 3 months.

As at the date of this notice, Contact is in compliance with:

1. the continuous disclosure obligations that apply to it in relation to the Quoted Bonds; and
2. its financial reporting obligations (as defined in the Regulations).

As at the date of this notice, there is no excluded information required to be disclosed for the purposes of the Regulations.

As at the date of this notice, there is no other information that would be required to be disclosed under a continuous disclosure obligation or which would be excluded information required to be disclosed for the purposes of the Regulations if the Quoted Bonds had had the same redemption date or interest rate as the New Bonds being offered.

ENDS

For further information please contact:

Louise Tong
Head of Treasury and Tax
021 444 224



**Terms Sheet
Fixed Rate Bonds
Maturing
15 November 2022**

13 February 2017

Terms Sheet

Fixed Rate Bonds

Maturing

15 November 2022

13 February 2017

This terms sheet (**Terms Sheet**) sets out the key terms of the offer by Contact Energy Limited (**Contact**) of up to NZ\$75,000,000, with the ability to accept up to a further NZ\$25,000,000 of unsecured, unsubordinated, fixed rate, interest bearing bonds maturing on 15 November 2022 (**Bonds**) under its Master Trust Deed dated 23 February 2009 (as amended from time to time) as modified and supplemented by the Supplemental Trust Deed dated 10 February 2017 entered into between Contact and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

Important notice

The offer of debt securities by Contact is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Contact's:

- NZ\$222,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 5.80% per annum) maturing on 15 May 2019, which are currently quoted on the NZX Debt Market under the ticker code CEN020 (**CEN020 Bonds**); and
- NZ\$150,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 4.40% per annum) maturing on 15 November 2021, which are currently quoted on the NZX Debt Market under the ticker code CEN030 (**CEN030 Bonds**),

(the CEN020 Bonds and the CEN030 Bonds, together the **Existing Bonds**).

The Bonds are of the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CEN.

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

ADDRESS DETAILS:

Issuer:	Joint Lead Manager & Organising Participant:	Joint Lead Manager:	Co-Manager:	Registrar:
Contact Energy Limited	Forsyth Barr Limited	Westpac Banking Corporation (acting through its New Zealand branch)	Deutsche Craigs Limited	Link Market Services Limited
Harbour City Tower 29 Brandon Street Wellington 6143	Level 21 157 Lambton Quay Wellington 6011	Level 8 16 Takutai Square Auckland 1010	Level 36, Vero Centre 48 Shortland Street Auckland 1010	Level 7, Zurich House 21 Queen Street Auckland 1010
04 499 4011	0800 367 227	0800 942 822	0800 226 263	09 375 5998

Issuer	Contact Energy Limited						
Description of Bonds	<p>The Bonds are unsecured, unsubordinated, fixed rate, interest bearing debt obligations of the Issuer ranking equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Contact, except indebtedness preferred by law.</p> <p>The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of the deed of negative pledge and guarantee between Contact and certain of its subsidiaries dated 19 May 2005 (Negative Pledge). Among other things, the Negative Pledge provides that the Issuer will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Bonds are not guaranteed by any person.</p>						
Financial Covenants	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (all as described in the Negative Pledge) must not exceed 60%.						
Purpose	The proceeds from the issue of the Bonds will be used for the refinancing of a NZ\$100,000,000 bond maturing on 13 April 2017 and for general corporate purposes.						
Joint Lead Managers	Forsyth Barr Limited and Westpac Banking Corporation (acting through its New Zealand branch).						
Organising Participant	Forsyth Barr Limited						
Co-Manager	Deutsche Craigs Limited						
Credit Ratings	<table><tr><td>Standard & Poor's</td><td>Issuer Credit Rating</td><td>Issue Credit Rating</td></tr><tr><td></td><td>BBB (stable)</td><td>BBB</td></tr></table> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold Bonds. The above credit ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.</p>	Standard & Poor's	Issuer Credit Rating	Issue Credit Rating		BBB (stable)	BBB
Standard & Poor's	Issuer Credit Rating	Issue Credit Rating					
	BBB (stable)	BBB					
Issue Amount	Up to NZ\$75,000,000, with the ability to accept up to a further NZ\$25,000,000						
Opening Date	13 February 2017						
Closing Date	12pm, 17 February 2017						
Rate Set Date	17 February 2017						
Issue Date	23 February 2017						
Maturity Date	Tuesday, 15 November 2022						
Indicative Issue Margin	1.50 to 1.65 percent per annum						
Base Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers in consultation with the Issuer, according to market convention, with reference to Reuters page 'ICAPKIWISWAP1' on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).						
Issue Price	NZ\$1.00 per Bond						
Interest Payments	<p>Quarterly in arrear in equal payments.</p> <p>The interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date. The interest for this period will be calculated based on the number of days in the period and a 365-day year, rather than being the equal quarterly payment made on the other Interest Payment Dates.</p> <p>Interest paid on the Bonds will be paid to the registered holder of the Bonds on the relevant Record Date.</p>						

Interest Payment Dates	<p>15 February, 15 May, 15 August and 15 November each year up to and including the Maturity Date being the dates determined by the Issuer with the prior written consent of the Supervisor and recorded in the register of the Bonds.</p> <p>The first Interest Payment Date is Monday, 15 May 2017.</p>
Record Date	10 calendar days before the relevant Interest Payment Date or Maturity Date or, if not a Business Day, the preceding Business Day.
Business Day	<p>A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington.</p> <p>If an Interest Payment Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next following Business Day.</p>
Minimum Application Amount	Minimum application amount in respect of the Bonds is NZ\$5,000 with multiples of NZ\$1,000 thereafter.
ISIN	NZCEND0040L1
NZX Debt Market Quotation	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.
NZX Debt Market Ticker Code	CEN040
Transfers	The registered owner of a Bond may transfer that Bond at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations. Bonds may be transferred using any commonly used written instrument of transfer, by any method of transfer permitted by the NZX Main Board/Debt Market Listing Rules (Listing Rules) or by any other means of transfer of marketable securities which is not contrary to law and which may be operated in accordance with the Listing Rules and which is approved by the Issuer.
Expected date of initial quotation and trading on NZX Debt Market	24 February 2017
Repo-eligibility	Contact intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
Registrar and Paying Agent	<p>Link Market Services Limited.</p> <p>The Bonds will be accepted for settlement within the NZClear system.</p>
Early Repayment	<p>You have no rights to require the Issuer to redeem the Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). The Issuer does not have the right to redeem the Bonds early.</p> <p>In the case of an Event of Default (as set out in the Trust Documents) which is continuing unremedied, the Supervisor may declare, and may be directed by an Extraordinary Resolution (as defined in the Trust Documents) of the Bondholders to declare, the principal amounts of the Bonds, together with any accrued interest, to be immediately due and payable.</p>
Supervisor	The New Zealand Guardian Trust Company Limited
Governing Law	New Zealand

NZX Waivers	<p>NZX has granted the Issuer a waiver from Listing Rule 5.2.3 to enable the Issuer to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of six months from the quotation date of the Bonds. The effect of the waiver from Listing Rule 5.2.3 is that initially the Bonds may be quoted despite not being widely held, and there may be reduced liquidity in the Bonds while they are not widely held. To the extent that the Bonds meet the spread requirements of Listing Rule 5.2.3, the Issuer will notify NZX accordingly.</p>
Who May Apply & How to Apply	<p>All of the Bonds including any oversubscriptions will be reserved for institutional investors and clients of the Joint Lead Managers, the Co-Manager and other Primary Market Participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact the Joint Lead Managers, the Co-Manager, their financial advisor or any Primary Market Participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find_a_participant.</p> <p>Any allotment of Bonds will be at the Issuer's discretion, in consultation with the Joint Lead Managers. The Issuer reserves the right to refuse to make any allotment (or part thereof) without giving any reason. The Issuer may deal with oversubscriptions (if any) in its sole discretion.</p> <p>Applications cannot be withdrawn or revoked. Applications may be scaled in the event of oversubscriptions.</p> <p>The Issuer in consultation with the Joint Lead Managers reserves the right to scale at its discretion.</p> <p>Each investor's financial advisor will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place.</p>
Selling Restrictions	<p>It is a term of the offer of the Bonds that the selling restrictions included in this Terms Sheet Apply.</p>

The dates set out in this Terms Sheet are indicative only and the Issuer, in conjunction with the Joint Lead Managers, may change the dates set out in this Terms Sheet. The Issuer has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is changed, other dates (such as the Issue Date and the Maturity Dates) may be changed accordingly.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Copies of the Trust Documents will be made available by the Issuer for inspection during usual business hours by any Bondholder at the Issuer's registered office listed above (or such office as the Issuer may notify the Bondholders from time to time).

Investors should seek qualified, independent financial and taxation advice before deciding to invest. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

The Supervisor accepts no responsibility for the information contained in this Terms Sheet.

For further information regarding the Issuer, visit www.nzx.com/companies/CEN.

SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet. This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Relevant Member State except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager, Co-Manager or Joint Lead Managers nominated by Contact for any such offer; or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require Contact, the Co-Manager or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (FSMA)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to Contact.

All applicable provisions of FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

Singapore

Each Joint Lead Manager and the Co-Manager has acknowledged that this Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds have not been and will not be offered or sold, or made the subject of an invitation for subscription or purchase nor may the Terms Sheet or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the SFA)) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;



- 2) where no consideration is or will be given for the transfer;
- 3) where the transfer is by operation of law;
- 4) as specified in Section 276(7) of the SFA; or
- 5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (Corporations Act)) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (ASIC) or any other regulatory authority in Australia. No person may:

- a) make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- b) distribute or publish, any Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- i. the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- iii. such action complies with all applicable laws, regulations and directives; and
- iv. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Terms Sheet, each person to whom the Bonds are issued (an Investor):

- a) will be deemed by Contact, the Joint Lead Managers and the Co-Manager to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - i. that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - ii. the sale offer is received outside Australia;

and

- b) will be deemed by Contact, the Joint Lead Managers and the Co-Manager to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the C(WUMP)O) or which do not constitute an offer to the public within the meaning the C(WUMP)O.

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made under the SFO.

Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the FIEA) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended ('Securities Act') and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.



None of Contact, any Joint Lead Manager, the Co-Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Bonds, and each of Contact, any Joint Lead Manager and the Co-Manager have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Bonds are part, as determined and certified by any Joint Lead Manager or the Co-Manager, except in accordance with Rule 903 of Regulation S under the Securities Act. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

'The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the 'Securities Act') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.'

Until 40 days after the completion of the distribution of all Bonds of the Tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any Joint Lead Manager, the

Co-Manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

Indemnity

By its subscription for the Bonds, each Bondholder agrees to indemnify Contact, the Joint Lead Managers, the Co-Manager and the Supervisor and each of their respective directors, officers and employees for any loss, cost, liability or expense sustained or incurred by Contact, the Joint Lead Managers, the Co-Manager or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above.



Retail Bond Offer Investor Presentation

February 2017

Graham Cockroft, Chief Financial Officer
Louise Tong, Head of Treasury & Tax



Joint Lead Managers



Co-Manager

DeutscheCRAIGS

Contact[®]

Important Notice



The offer of debt securities by Contact Energy Limited (Contact or the Issuer) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

The offer contained in this presentation is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Contact's:

- NZ\$222,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 5.80% per annum) maturing on 15 May 2019, which are currently quoted on the NZX Debt Market under the ticker code CEN020 (CEN020 Bonds); and
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(the CEN020 Bonds and the CEN030 Bonds, together the Existing Bonds).

The Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (FMC Regulations).

A terms sheet (Terms Sheet) has been prepared by the Issuer in respect of the offer of the Bonds, which sets out how Bonds may be applied for.

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CEN

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Disclaimer



This document does not constitute a recommendation by the Issuer, Forsyth Barr Limited (Joint Lead Manager and Organising Participant), Westpac Banking Corporation (Joint Lead Manager), Deutsche Craigs Limited (Co-Manager), The New Zealand Guardian Trust Company Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the Bonds.

To the extent permitted by law, none of the Issuer, Lead Manager, Co-Manager or Supervisor nor any of their respective directors, officers, employees, affiliates or agents accept any liability whatsoever for any loss arising from this document or its contents, or otherwise in connection with the offer or any person's investment in these Bonds.

This document is for preliminary information purposes only and is not an offer to sell or the solicitation of an offer to purchase or subscribe for the Bonds and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Speaker Profiles



Graham Cockcroft

Chief Financial Officer

Graham Cockcroft was appointed as Contact Energy's Chief Financial Officer in June 2012. Prior to this he spent three years as Contact's Chief Operating Officer in which he was responsible for the operation of Contact's wholesale and generation functions, including generation development.

Before joining Contact, Graham worked for nearly two decades for BG Group in senior strategy, business development and operational roles. Most recently, Graham was BG Group's Asset General Manager based in São Paulo, Brazil. He holds a Master of Commerce from the University of Otago, and a Master of Finance from the London Business School.



Louise Tong

Head of Treasury & Tax

Louise is responsible for funding, liquidity and financial market risks and tax at Contact. Prior to joining Contact in December 2011 she worked for 15 years in the banking industry in New Zealand, principally in corporate finance and financial markets. Louise holds a degree with Honours in Civil Engineering from the University of Canterbury and a Masters in Applied Finance from Victoria University of Wellington.

Agenda



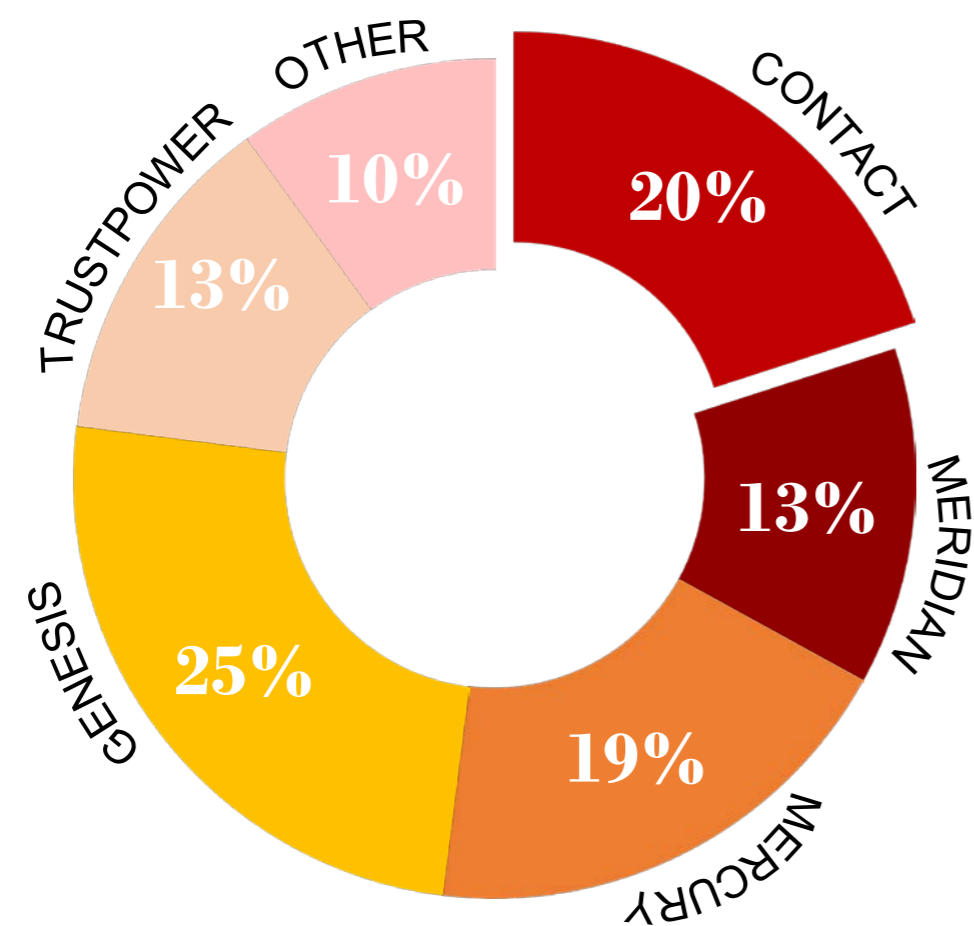
- | | | |
|---|---|--|
| 1 | New Zealand electricity market overview (slide 6) | Graham Cockroft |
| 2 | Contact overview (slide 9) | Graham Cockroft |
| 3 | Business performance update (slide 16) | Graham Cockroft |
| 4 | Capital structure and funding requirements (slide 21) | Louise Tong |
| 5 | Bond offer information (slide 25) | Fiona Doddrell, Westpac Banking Corporation
Shaun Roberts, Forsyth Barr Limited |



1. New Zealand electricity market overview

Industry dominated by vertically integrated companies with the five largest companies all publicly listed

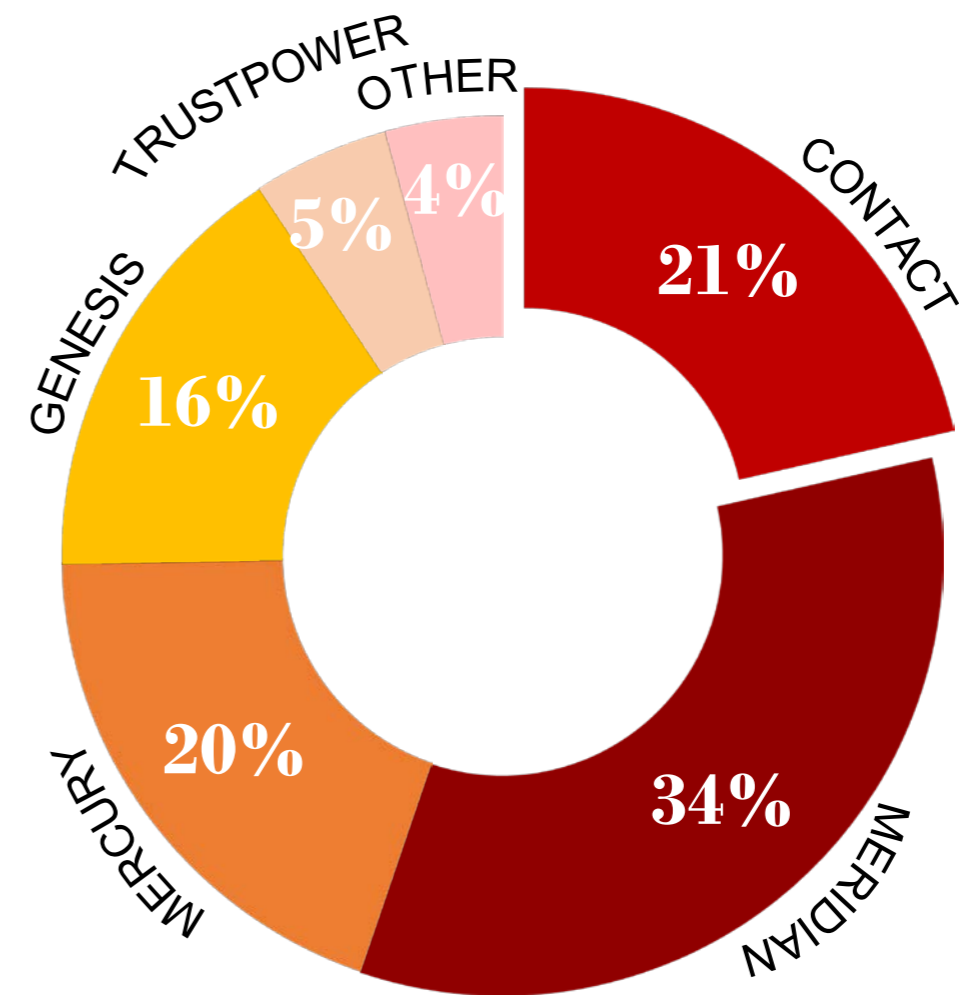
Retail electricity market share by customer connections



Source: Electricity Authority (as at 31 December 2016)

- Exact generation market share is dependent upon hydrology
- Contact has a diverse generation portfolio which is closely matched to load, allowing management of exposure to market volatility

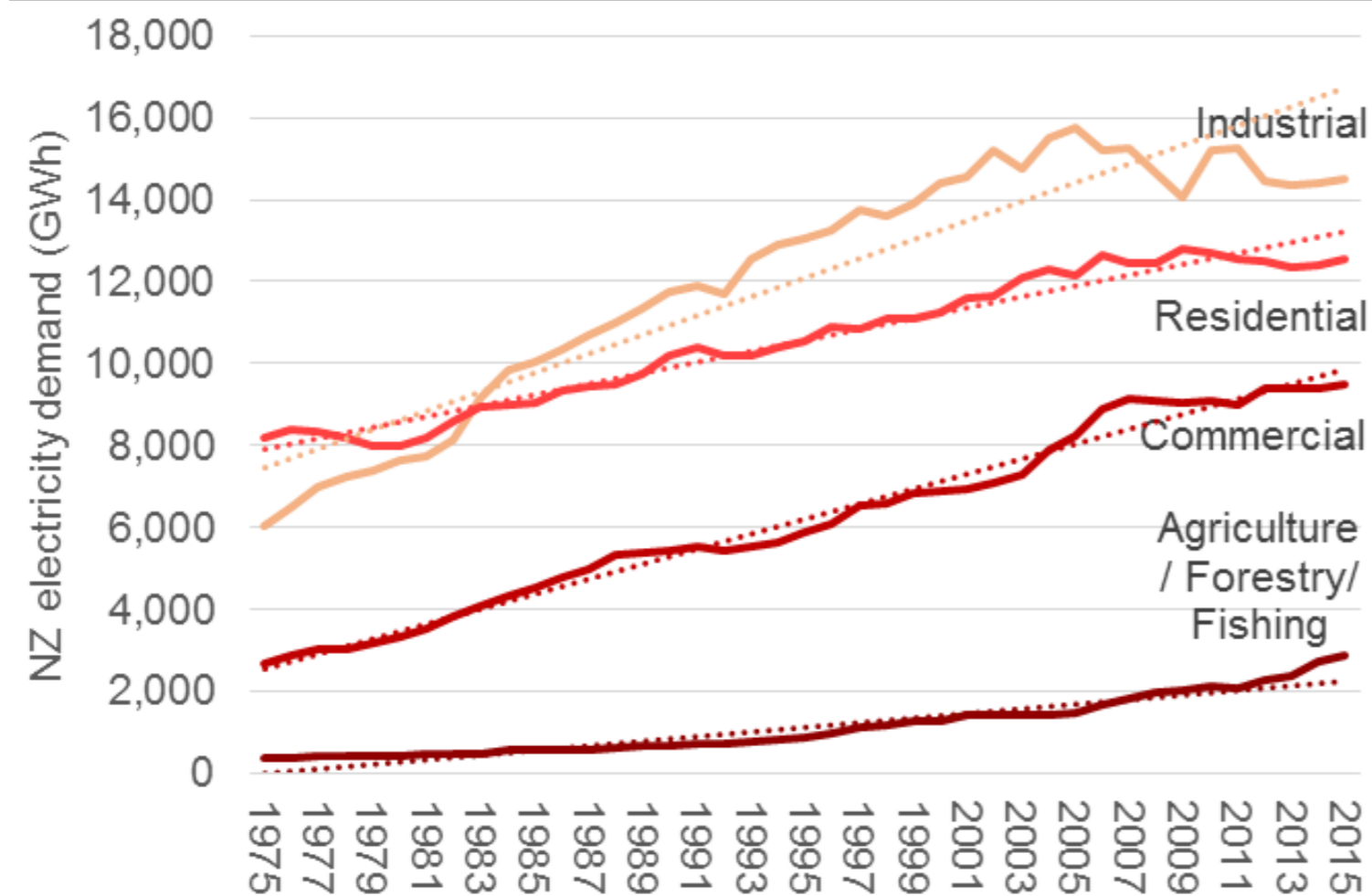
Generation market share by volume (GWh)



Source: Electricity Authority (year ended 31 December 2016)

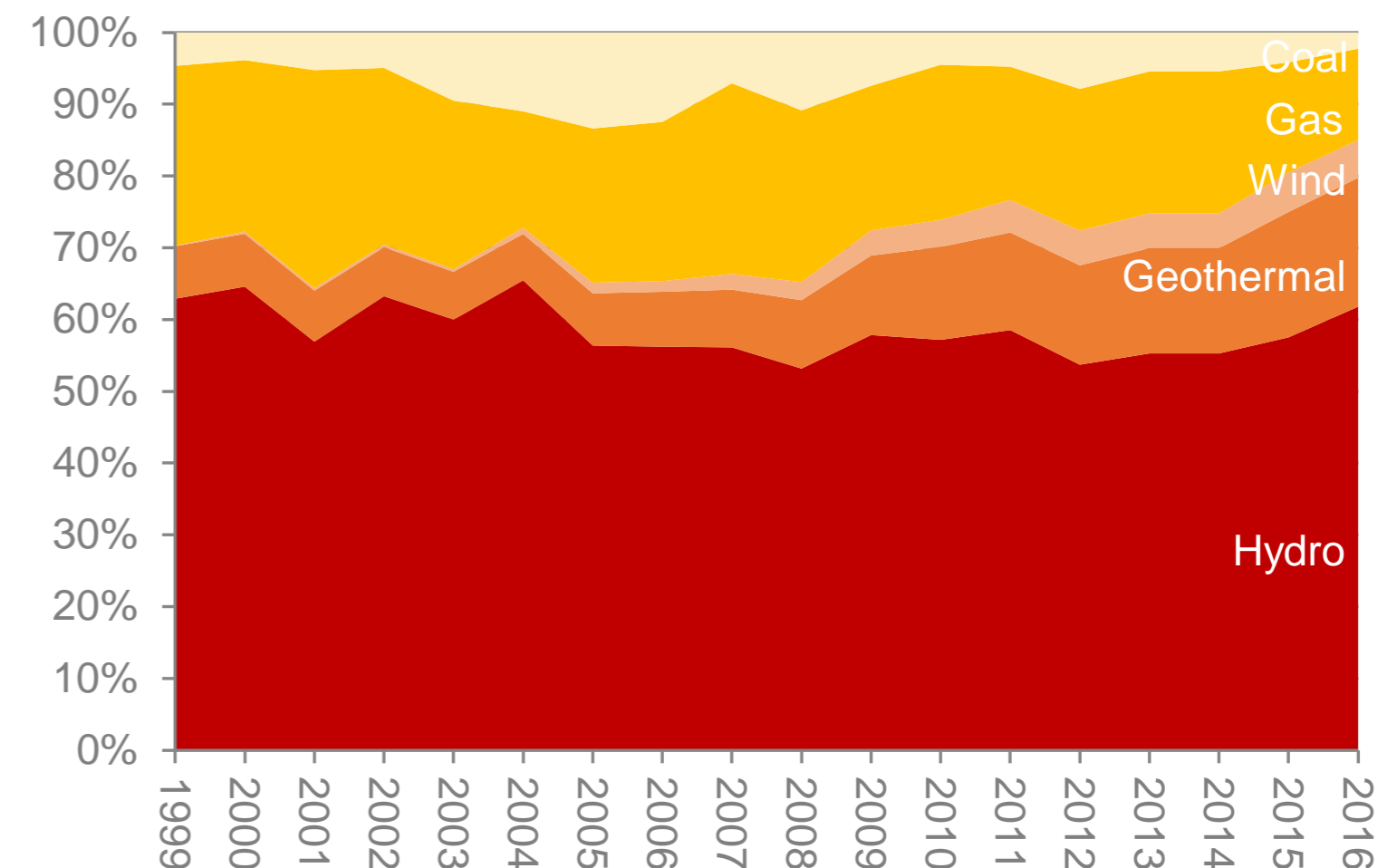
84% of New Zealand's 39,000 GWh of electricity consumption in 2016 came from renewable generation

National demand by sector



- » Total demand has remained largely stagnant since 2008
- » Threat of industrial closure, in particular Tiwai remains a risk
- » Distributed generation (e.g. solar) comprises approximately 0.1% of the total annual generation
- » Currently ~2,400 EVs in the total light passenger fleet of ~3 million

New Zealand electricity supply (GWh generation)



Data source: MBIE, Electricity Authority

- » New Zealand has added subsidy free renewable generation, which, in a period of flat demand, has displaced fossil fuels



2. Contact overview

Snapshot of Contact Energy

- we are an integrated electricity, gas and LPG business

21%

our share of the electricity generation market in New Zealand

82%

the proportion of electricity Contact generated from renewable resources in FY16

\$84/MWh

the netback we received from retail sales in FY16

\$31/MWh

the average cost to supply energy to our customers in FY16

20%

our share of the national electricity and gas markets (41% of LPG market)

560k

customer connections across electricity, natural gas and LPG

+12

our net promoter score for the 6 months ended 31 December 2016

5th equal

out of over 5,000 companies globally in Thomson Reuters Diversity & Inclusion Index as at 30 June 2016

\$2.8bn

net assets at 30 June 2016

BBB

S&P issuer rating since 2002

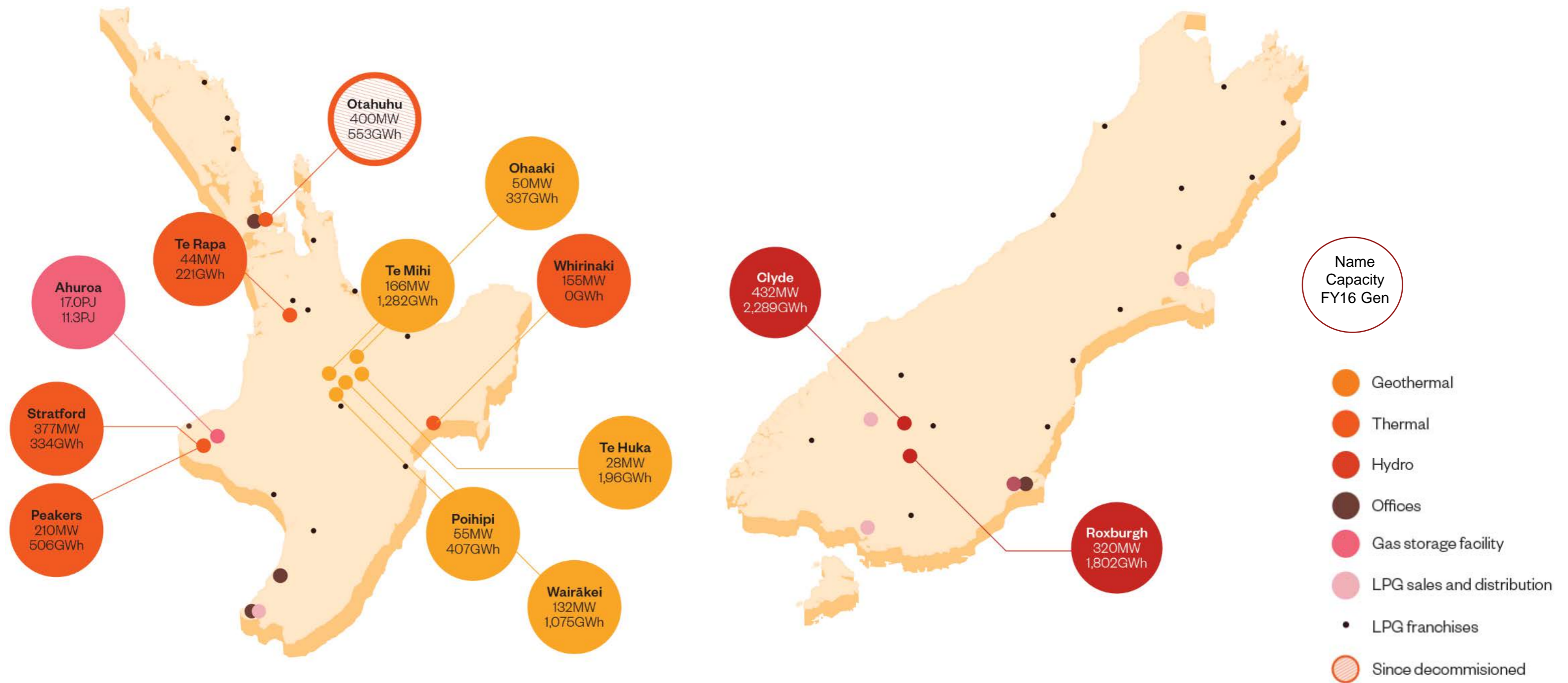
71k

share and bond investors at 31 December 2016

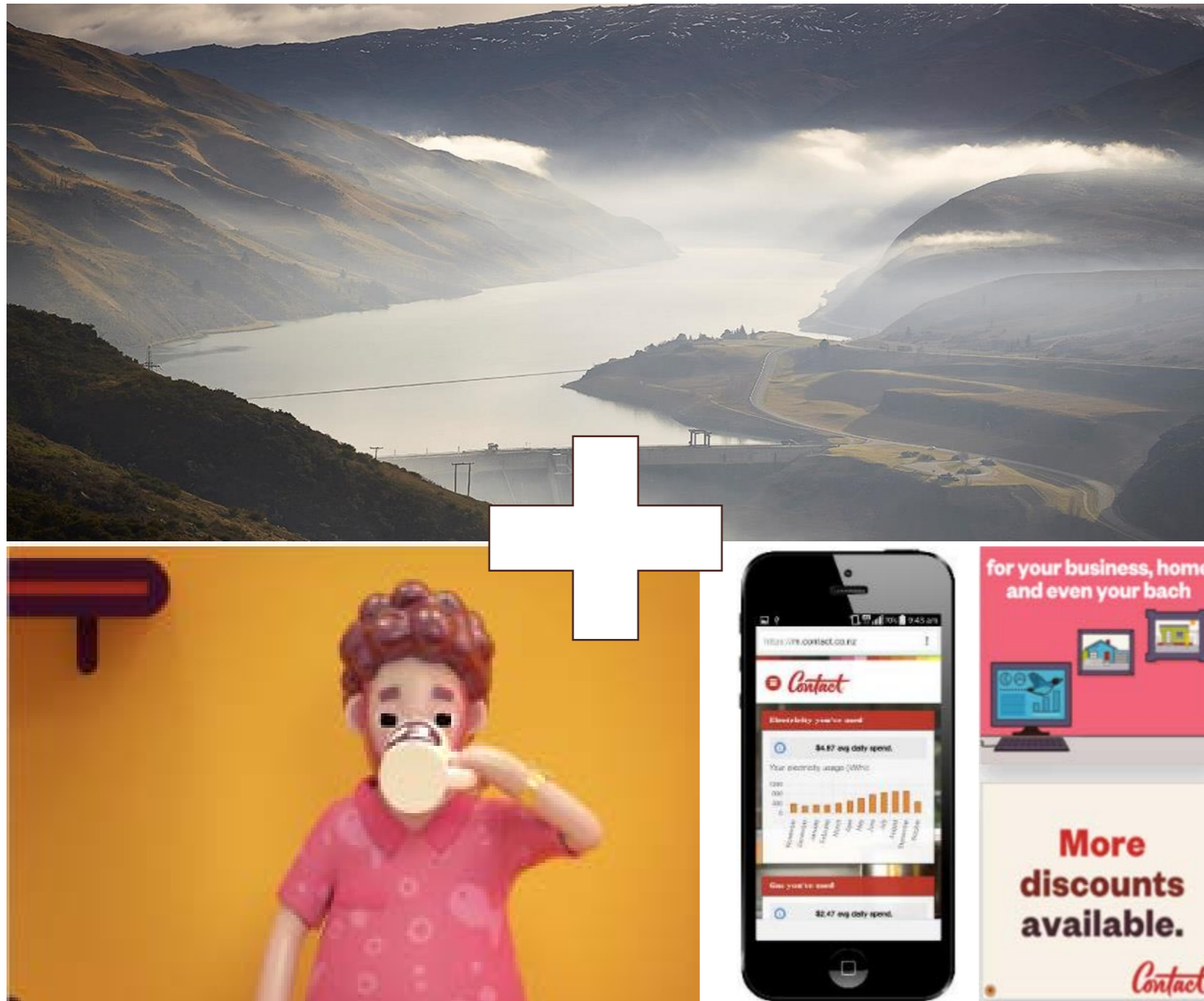
36%

gearing ratio as at 30 June 2016

Contact's operations have a national focus with 11 power stations totalling 1,969 MW capacity



Connecting customers and markets to renewable resources



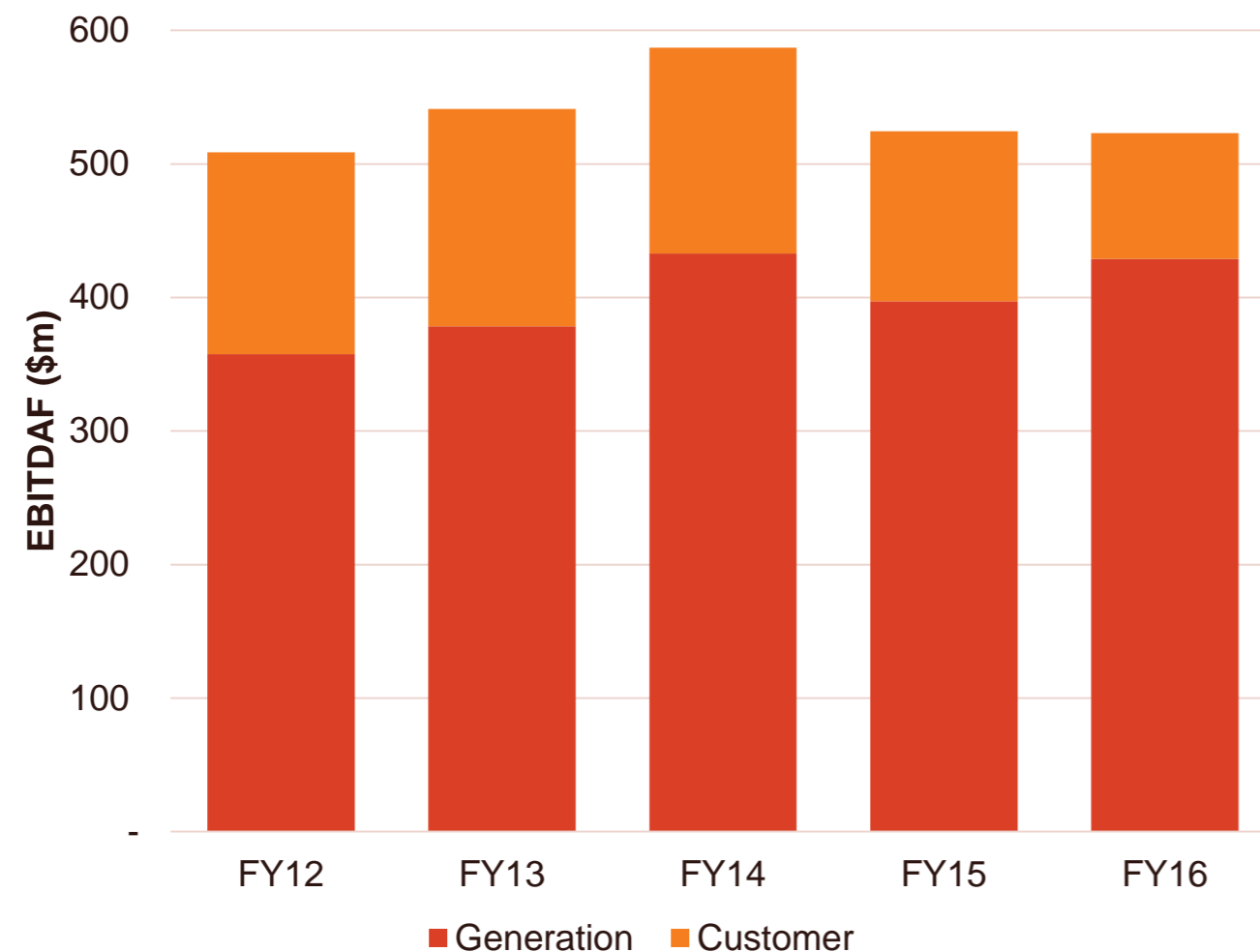
Investments in our generation portfolio have ensured a robust business with low-cost, long-life and flexible generation assets with our focus on safety, reliability and resource utilisation



Investments in core systems and capability is providing us opportunities to increase our digital connection to customers, improve our insights through analytics and is an attractive offering for partners in home services and new technologies

Well run generation and wholesale operations currently drive most cashflow

EBITDAF segmentation



- » Contribution from generation has increased following \$1.7bn investment programme completed with the commissioning of Te Mihi in April 2014
- » Retail competition continues to put pressure on customer electricity margins
- » FY14 generation EBITDAF included \$43m compensation as a result of the delayed start-up of the Te Mihi power station

Our generation is well positioned for the long term



Flexible thermal
generation



Strong internalised
risk management
and safety culture

Low cost renewable
generation portfolio



Balanced wholesale
market



In a competitive retail market, converting improved operational performance into value remains the focus

We've listened to our customers and delivered

- New products
- Battery and solar trials

We've improved how we operate

- Debt management processes
- Streamlined online experience

We've organised our business for the new world

- Refreshed customer leadership team
- Digital and analytics capability

	1H15	2H15	1H16	2H16	1H17
Change in customer numbers	-7,300	-1,600	-9,800	+5,380	-3,100
Average time to answer (seconds)	220	268	222	141	128
Churn (variance to market)	+2.9%	-0.2%	+1.1%	-1.3%	-0.3%
% of residential customers on >10% discount	63%	70%	76%	82%	84%
% on a fixed term product	9%	10%	11%	24%	28%
% with MM dual fuels or products	18%	20%	20%	22%	22%
Cost to serve per customer	\$113	\$124	\$122	\$106	\$118
Number of vacant properties	12,800	11,500	10,000	4,500	3,900
Average late bills >30 days	12,000	5,000	2,000	1,100	850
Bad debt expense (net) as a % of retail revenue	0.55%	0.70%	0.67%	0.52%	0.49%



3. Business performance update

Our financial framework

- » Our focus is on free cash flow generation and ensuring a robust balance sheet

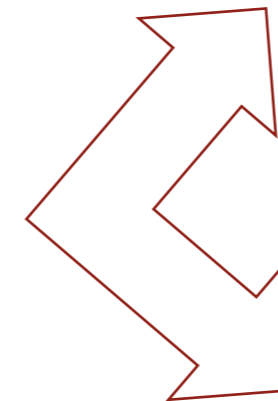
Free cash flow

- » Operating cash flow
 - *Less* net interest paid
 - *Less* stay in business capex
 - *Add* proceeds from asset sales



Balance Sheet

- » Investment grade credit rating
 - Net debt / EBITDA ratio of 2.6 – 3.0



Distributions

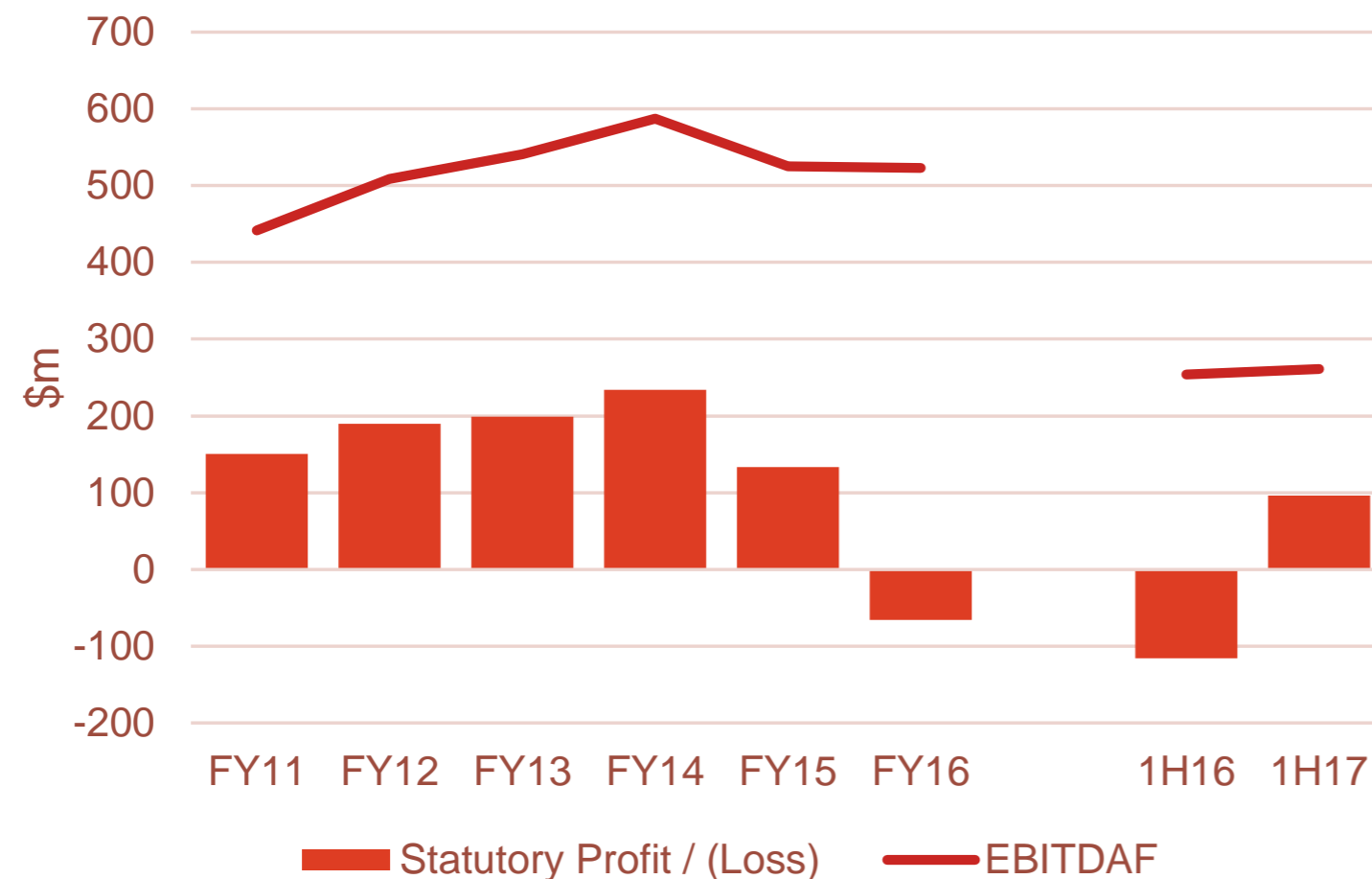
- » Ordinary dividend equal to 100% underlying profit
- » Special dividend where imputation credits available
- » Share buyback

Investment in growth

- » Returns greater than risk adjusted cost of capital
- » Focus on areas of strength

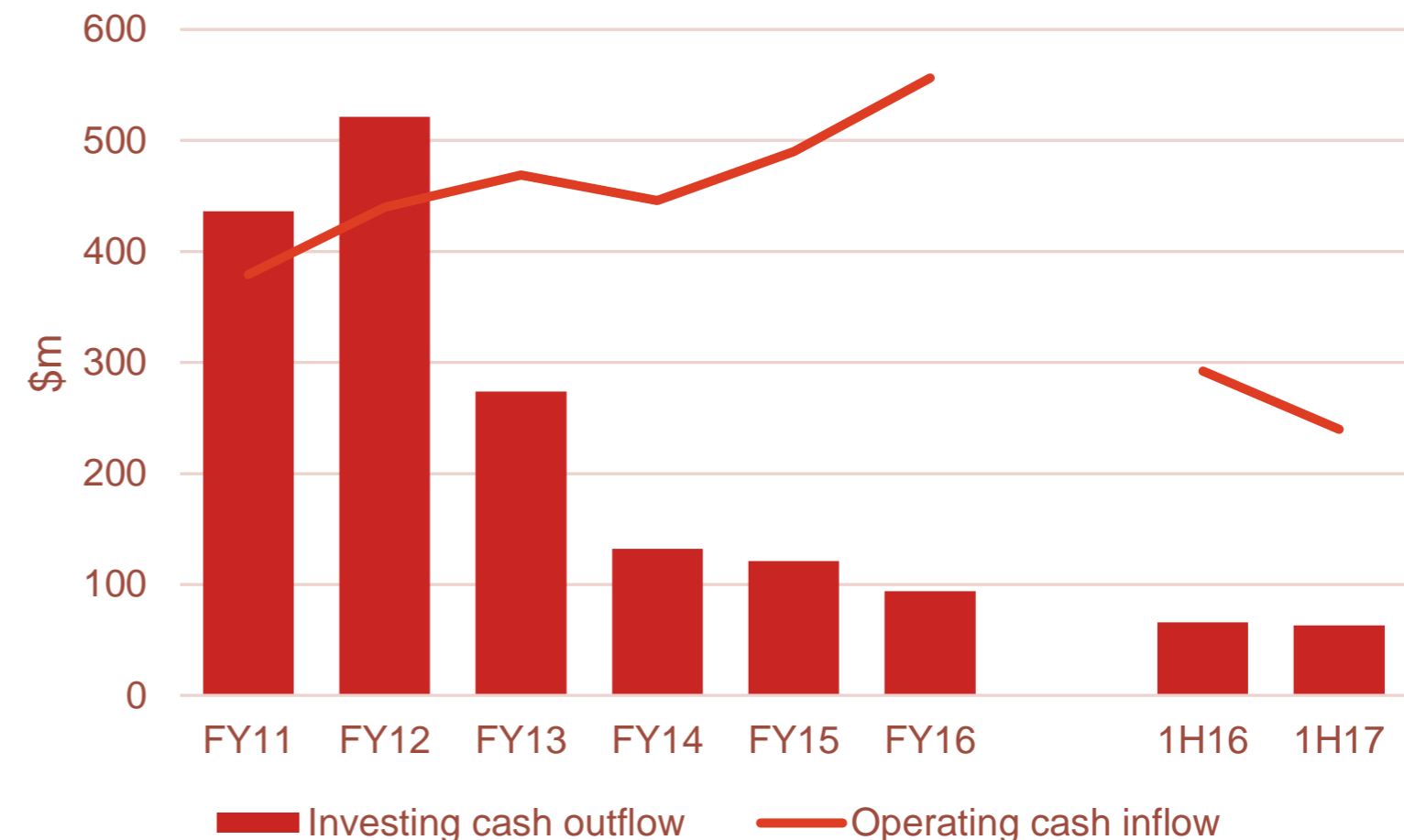
Following a period of significant capital investment, operating cash flow remains strong

Group EBITDAF and NPAT



- » One off non-cash impairments at Otahuhu and Taheke and a write-down of inventory gas resulted in a loss in FY16 of \$66m

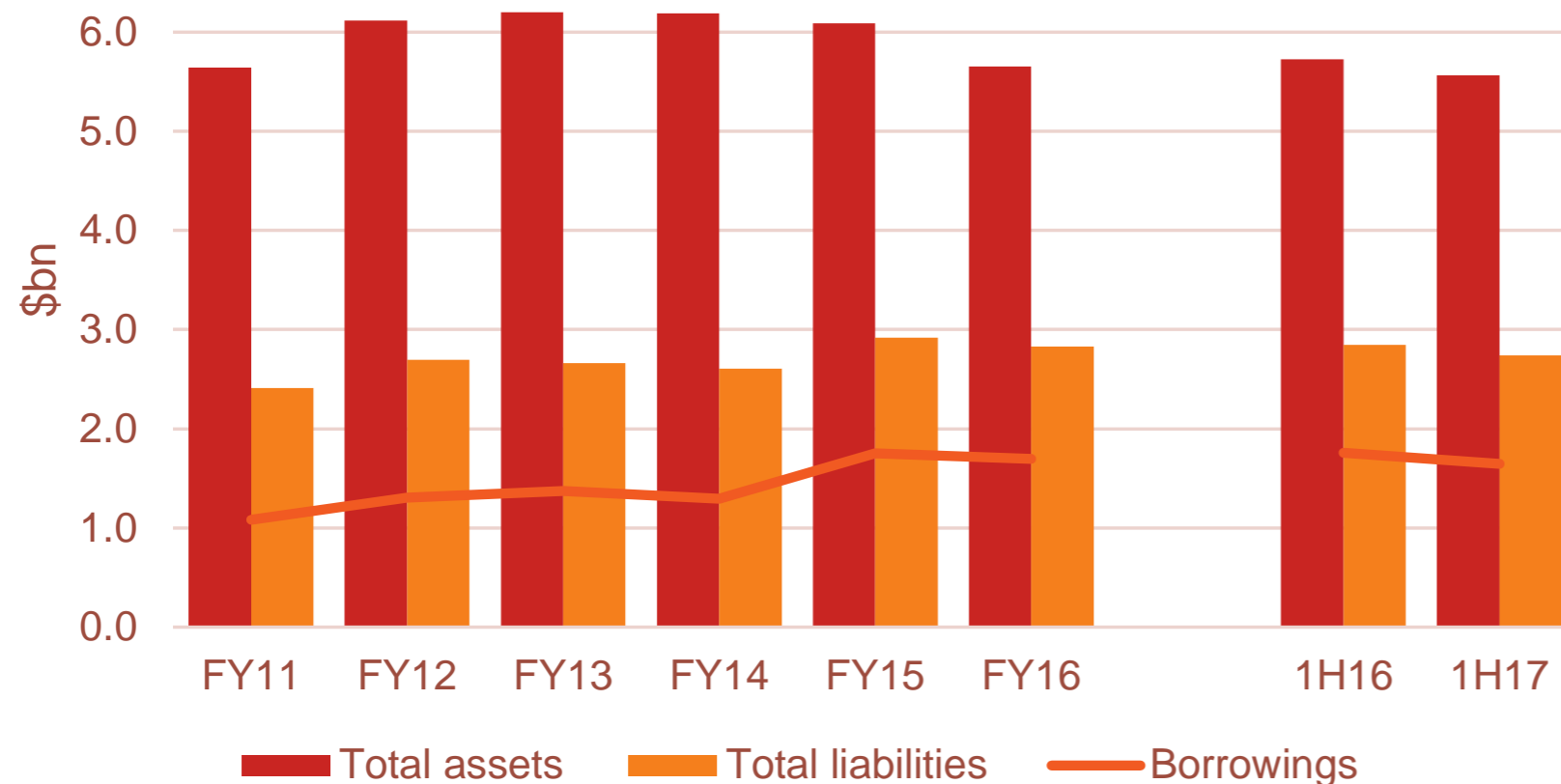
Group operating and net investing cashflow



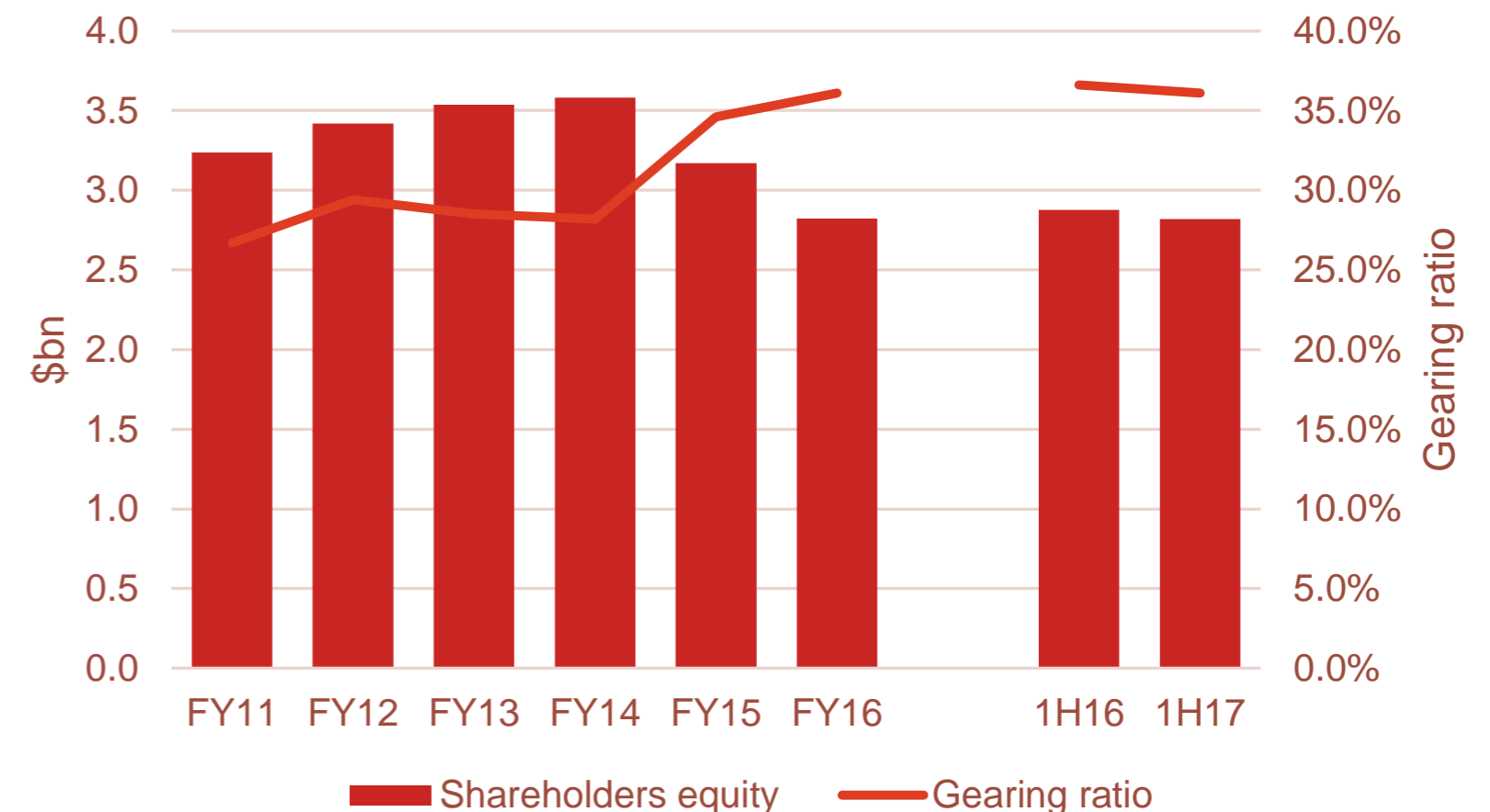
- » Following a period of significant capital investment operating cash flow is strong, despite margin pressure in mass market electricity retailing

Contact raised equity to maintain its investment grade credit rating during the period of capital investment

Total assets and liabilities



Shareholders' equity and gearing



- » Gearing has remained low over the period of capital investment, increasing in FY15 and FY16 due to capital management initiatives and one-off impairments reducing the book value of equity, and has since stabilised
- » As at 31 December 2016:
 - » Face value of total borrowings \$1.61bn (including finance leases), relative to shareholders' equity of \$2.82bn
 - » Balance sheet gearing (net debt / net debt + shareholders' equity) is 36.1%

Focus continues on the reduction of both operating and capital expenditure

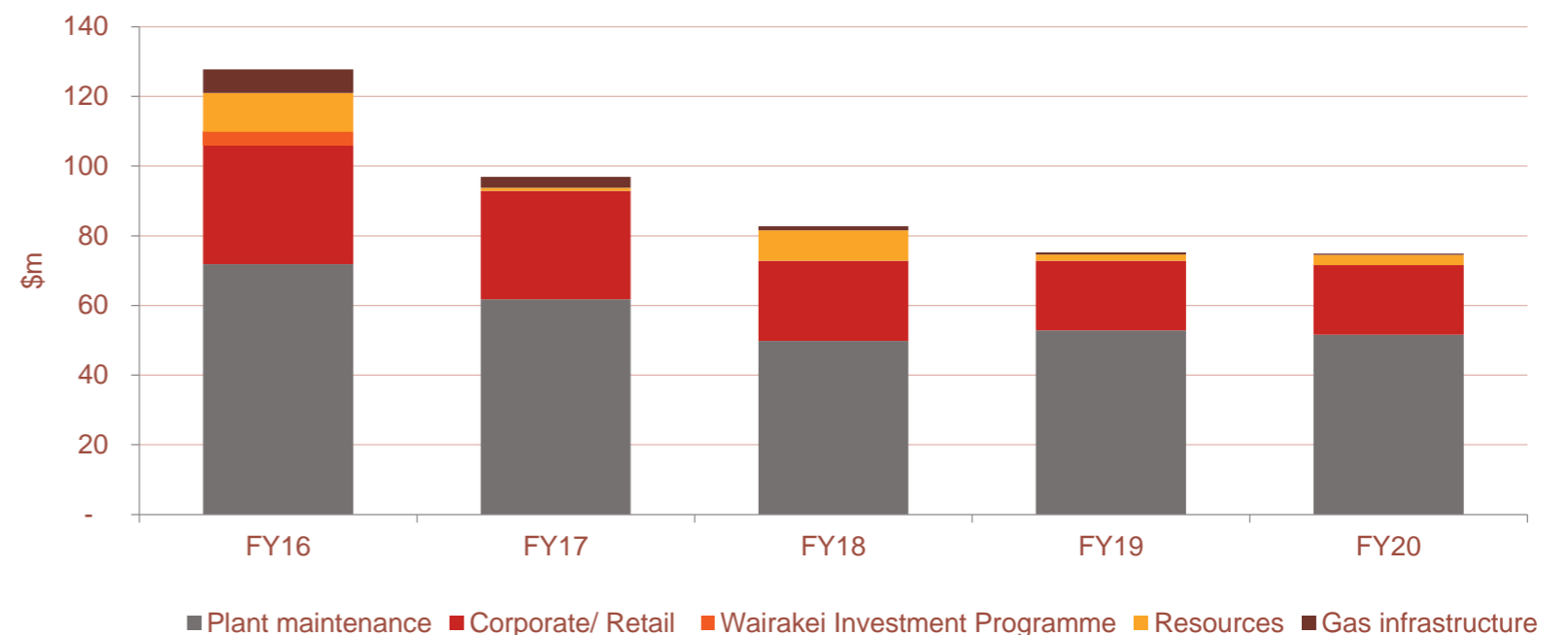
Other operating expenses

- » 1H17 other operating expenses were down \$4m, 3% lower than 1H16
 - Labour costs down primarily due to reduced FTE's
 - Reduced bad debt write-offs
 - Lower insurance costs
 - AGS facility costs were re-classified in the period, increasing other operating expenses by \$3m over 1H16 (full year impact on prior period comparison is \$6m).
- » Savings to continue
 - IT systems simplification move to the cloud
 - Reduced churn costs and an increase in digital self-service

Capital expenditure

- » 1H17 capex \$63m, \$8m lower than 1H16
- » The reduction in thermal generation in the period has allowed for the partial deferral of TCC major maintenance with \$9m moved from FY17 to FY18
- » Capex expected to be \$70 - \$80m per annum from FY18

Capital expenditure





4. Capital structure & funding requirements

Contact remains committed to an investment grade credit rating

Contact has had a BBB rating since 2002 - why BBB?



Solid foundation for the management of operational and financial risks



Efficient capital structure



Access to diverse sources of funding markets and jurisdictions



Attractive relative pricing and terms



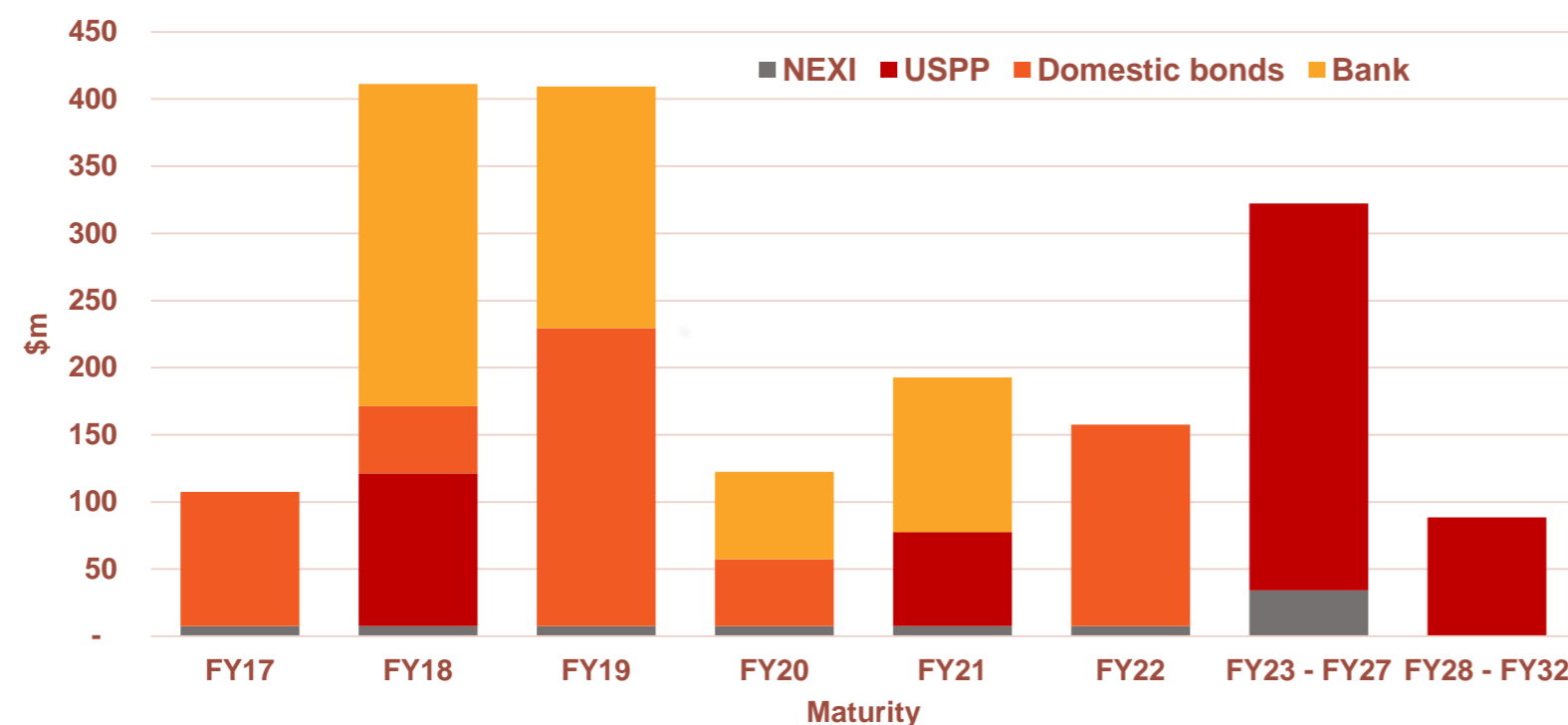
A margin of safety within the investment grade rating



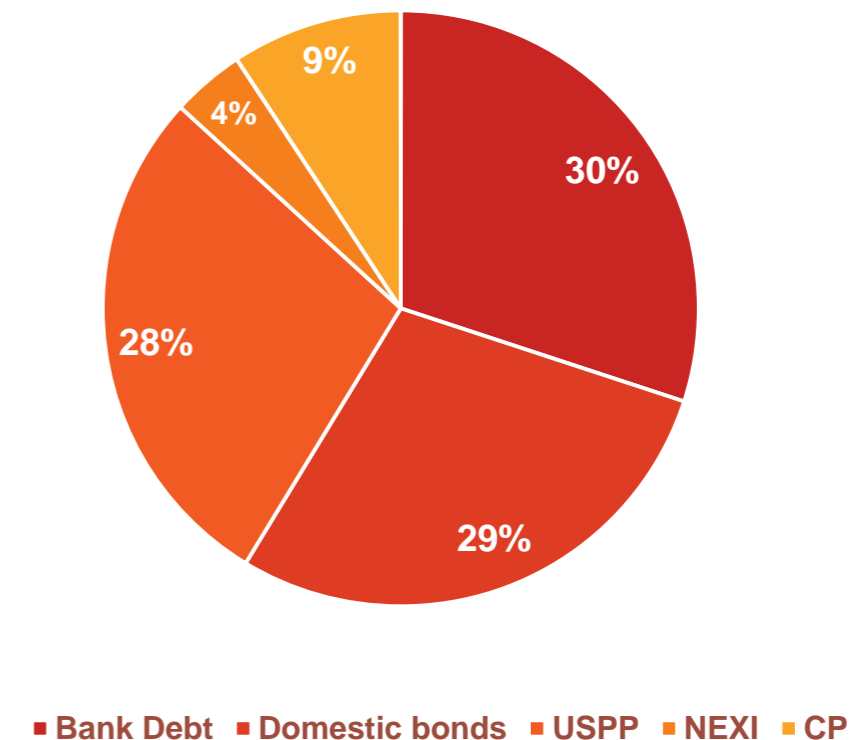
Debt levels and interest costs falling, with key S&P metric forecast to return to target net debt / EBITDA ratio of 2.6 – 3.0

Contact's balance sheet is supported by a robust funding portfolio

Funding maturity profile (at 31 December 2016)



Funding sources (at 31 December 2016)



- » Contact benefits from a funding portfolio that is flexible, efficient, diverse and has a manageable maturity profile:
 - As at 31 December 2016, \$600m total committed bank facilities (\$187m drawn) and \$185m commercial paper
 - Weighted average tenor of funding facilities 3.9 years at 31 December 2016
 - Weighted average interest rate has fallen from 7.2% in FY12 to 5.3% in FY16 and 5.1% in 1H17
- » Funding requirement arises from maturity of \$100m of domestic wholesale bonds on 13 April 2017
- » Following this bond issuance, Contact will have domestic bond maturities every calendar year from 2018 to 2022, demonstrating its commitment to this market

Contact credit highlights

**Independent
board with
diverse
experience
and
perspectives**

**Vertically
integrated
business with
diversified
portfolio**

**Well run,
largely
renewable
generation
drives
value**

**Leveraging
technology
investment
across
large
customer
base**

**Significant
positive
free cash
flow**

**Strong
balance
sheet**

**BBB S&P
issuer
rating
since 2002**

**Diversified
funding with
well spread
maturity
profile**



5. Bond offer information

Key terms of the offer

Issuer	Contact Energy Limited
Description	Unsecured, unsubordinated, fixed rate obligations of the Issuer
Negative Pledge	The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of the deed of negative pledge and guarantee between Contact and certain of its subsidiaries dated 19 May 2005 (Negative Pledge). Among other things, the Negative Pledge provides that Contact will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Bonds are not guaranteed by any person
Issue Amount	Up to NZ\$75,000,000 with the ability to accept oversubscriptions up to NZ\$25,000,000 at the discretion of the Issuer
Maturity Date	15 November 2022
Interest Rate	The sum of the Base Rate plus the Issue Margin, on the Rate Set Date as set out in the Terms Sheet
Indicative Issue Margin	1.50 – 1.65% p.a.
Interest Payments	<p>Quarterly in arrear in equal payments on 15 February, 15 May, 15 August and 15 November or such other dates in each year as determined by the Issuer with the prior written consent of the Supervisor and recorded in the register of the Bonds</p> <p>Interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date (15 May 2017)</p>
Application Amounts	Minimum NZ\$5,000 with multiples of NZ\$1,000 thereafter
Listing*	It is expected the Bonds will be quoted under the ticker code CEN040 on the NZX Debt Market
Issue Credit Rating	BBB (Standard & Poor's)
Financial Covenant	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (as described in the Negative Pledge) must not exceed 60%
Brokerage	Nil
Settlement	Settlement via secondary market transactions with Westpac Banking Corporation

* Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto have been complied with. However, NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Key dates and offer process

Date	Process
13 February 2017 (Monday)	Offer opens
13 – 16 February 2017	Roadshow presentations in Auckland and Wellington and investor call
17 February 2017 (Friday)	Offer closes – bids due 12pm
17 February 2017	Allocations and rate set post 1pm
23 February 2017 (Thursday)	Issuance and settlement date
24 February 2017 (Friday)	Expected date of initial quotation
15 May 2017	First Interest Payment Date
15 November 2022	Maturity Date



Questions?